Property Appraisal Services

THE APPRAISAL PROCESS

There are three generally accepted approaches to estimating the value of real property: the Cost, Income and Direct Sales Comparison Approaches.

The Cost Approach involves estimating the replacement cost, as if new, of a structure and deducting the estimated depreciation, if any, from all sources (physical, functional and economic). To the result is added the land value, derived from market data, to arrive at a value estimate for the property appraised. This approach is based on the premise that a knowledgeable purchaser relates value to cost and will not pay more for an existing structure than the cost of creating a similar structure in a comparable location.

The Cost Approach can be most useful when dealing with new structures or with special use property. The reliability of the this approach lessens when appraising older property as the estimation of deprecation becomes increasingly speculative.

Cost is not necessarily synonymous with value, therefore, the Cost Approach can rarely stand on its own, i.e., the value indicated by this approach must be supported by one of the other approaches.

The subject improvement does not constitute a specialty, rather it is an improvement which will be purchased for its income potential. It is therefore our opinion that this approach provides a poor index of value as it does not relate to the income potential of the property.

The Income Approach typically involves projecting the income and expenses of a property over a period, or periods, of time into a cash flow projection before debt service and depreciation. The cash flow (net operating income) is then capitalized into a value estimate. The capitalization rate is typically based on current financial market requirements and the equity return is reflective of the needs of specific investors in the subject's segment of the real estate market. This approach is applied to income producing property, as this type of property is traded based on the quality and durability of its income stream.

The validity of this approach is rooted largely in the principle of anticipation. An investor purchasing an income producing property is paying a sum of money in present dollars for the right to receive future dollars. The investor's perception of future income and expense levels at the property level as well as interest rate movements are essential elements in the investment decision.

As properties of the subject type are typically purchased by an owner/user, seeking to occupy rather than rent the property, this approach has received supporting weight in the reconciliation process.

Property Appraisal Services

The Sales Comparison Approach involves analysis of recent sales of property similar to the subject. Generally, adjustments are necessary to reflect and account for differences between the subject and the comparable sales utilized. The resulting value indication is an estimate of the probable price at which the property would sell if currently offered in the marketplace.

This approach derives its validity from the principle of substitution which holds that a prudent investor will not pay more for a property than the cost of acquiring a similarly desirable property. When sufficient comparable sales are available, the Direct Sales Comparison Approach can produce a reliable indicator of value.

As the subject property is not investment type property, but rather an owner/user type property, this approach has received greatest weight in the final value reconciliation.

Property Appraisal Services

SALES COMPARISON APPROACH

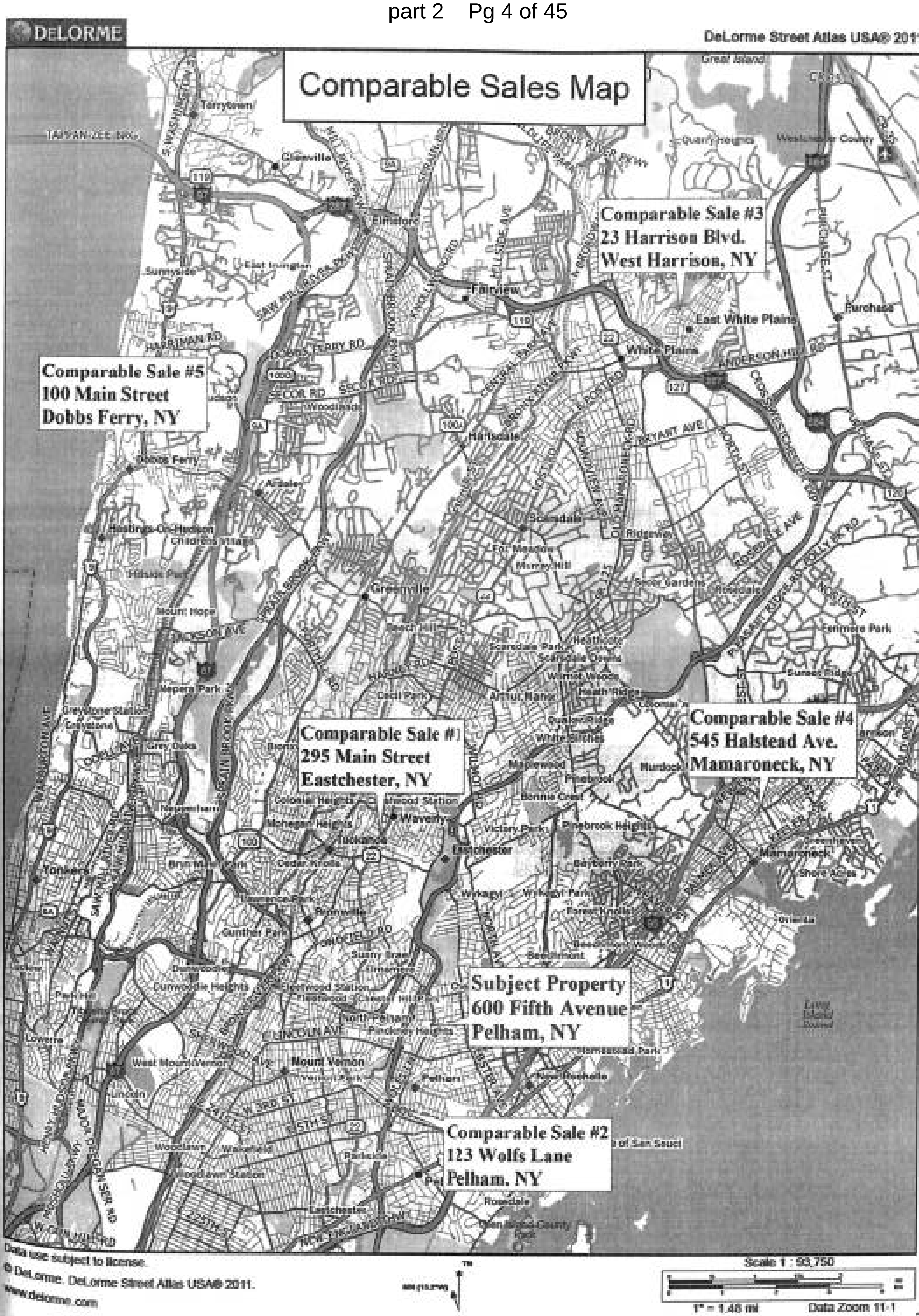
The Sales Comparison Approach values a property based on the process of analyzing recent bona fide sales of similar properties in the area in order to derive a market value indication for the property being appraised. Typically, units of comparison are developed and applied to the subject. This approach represents an interpretation of the actions of buyers, sellers, and investors in the market. Any dissimilarities, such as size, location, condition and date of sale are reconciled through the process of adjustments.

This process adjusts the difference in sales prices so as to make the sales cited as comparable to the subject as possible. Those sales requiring the least amount of adjustments are usually the most similar to the subject and therefore, provide the most meaningful indication of value.

An investigation was undertaken for the purpose of disclosing sales of similar type buildings which have occurred in competing sections of Westchester, over the last three years.

The appraiser researched over 20 recent transactions before selecting five that are most similar. The unit of comparison selected is the price per square foot. Adjustments between the sales data and the subject properties were made for time, size, location and condition.

In selecting the comparable sales, preference was given to sales of retail and mixed-usage retail/office buildings located within proximity of the site. Distressed sales and non-arms-length transfers were eliminated. Each of these sales were then analyzed, physically inspected (exterior only), and adjusted for differences in time, location, and quality. On the following pages are found summaries of five comparable sales and their subsequent analysis.


DELORME
DeLorme Street Atlas USA® 2011
Comparable Sales Map
Comparable Sale #3
23 Harrison Blvd.
West Harrison, NY
Comparable Sale #5
100 Main Street
Dobbs Ferry, NY
Comparable Sale #1
295 Main Street
Eastchester, NY
Comparable Sale #4
545 Halstead Ave.
Mamaroneck, NY
Subject Property
600 Fifth Avenue
Pelham, NY
Comparable Sale #2
123 Wolfs Lane
Pelham, NY
Tarrytown
Elmsford
Fairview
White Plains
East White Plains
Purchase
Hartsdale
Dobbs Ferry
Ardsley
Hastings-On-Hudson
Scarsdale
Greenville
Yonkers
Tuckahoe
Eastchester
Mamaroneck
Mount Vernon
Pelham
North Pelham
New Rochelle
Data use subject to license.
© DeLorme. DeLorme Street Atlas USA® 2011.
www.delorme.com
Scale 1 : 93,750
1" = 1.48 mi
Data Zoom 11-1

Property Appraisal Services

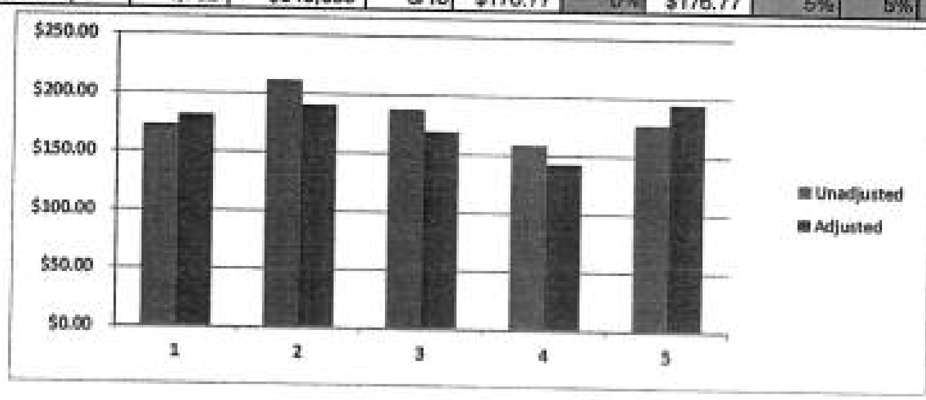
COMPARABLE SALES GRID

600 Fifth Avenue
Pelham, NY

SUBJECT: 4,720 SF Bldg

#	Address	Use	Bldg Size	Price	Date	$/SF	ADJUSTMENTS Time	$/SF	Loc.	Cond.	Park	Size	Total	Adj. $/SF
1	295 Main Street, Eastchester	Retail/Apt.	5,500	$950,000	06/12	$172.73	0%	$172.73	10%	-5%	0%	0%	5%	$181.36
2	123 Wolfs Lane, Pelham	Retail/Office	3,782	$800,000	01/11	$211.53	0%	$211.53	0%	-5%	0%	-5%	-10%	$190.38
3	23 Harrison Blvd.West Harrison	Retail/Apt.	2,797	$524,000	5/13	$187.34	0%	$187.34	-5%	0%	0%	-5%	-10%	$168.61
4	545 Halstead Avenue, Mam.	Retail/Apt.	3,470	$550,000	05/11	$158.50	0%	$158.50	0%	-5%	0%	-5%	-10%	$142.65
5	100 Main Street, Dobbs Ferry	Retail/Apt.	4,752	$840,000	6/13	$176.77	0%	$176.77	5%	5%	0%	0%	10%	$194.44

MIN	$142.65
MAX	$194.44
MEAN	$175.49



Reconciled Value	4,720 SF @	$170 per SF equals		$802,400
			Rounded	$800,000

Property Appraisal Services

Comparable Sale #1

Location: 295 Main Street
Eastchester, NY

Sale Date: 05/01/12

Identification: [redacted].0-2-14

Grantor: A. Rabasco
Grantee: Massimo Family

Consideration: $950,000

Building Data:

Type:	3 Story Mixed Use
Age:	1956
Building Size:	5,500 SF
Lot Size:	7,710 SF

Comments: Three story, apartment building located one block west of Route 22 in Eastchester. It has two retail units and eight apartments(six one bedroom units and two studio apartments). Listed rental income was $103,702 GIM 9.16, Estimated NOI $50,469. Sold at 5.31% Cap Rate. Average condition

Price/SF: $172.73

Property Appraisal Services

Comparable Sale #2

Location: 123 Wolfs Lane
Pelham, NY

Sale Date: 01/1/11

Sec/Block/Lot: 2/16/14

Grantor: Coolidge GHP
Grantee: KRL Properties LLC

Building Data:

Type:	Two-story mixed use office/retail building
Age:	1979
Lot Size:	2.640 SF
Building Size:	3,782 SF

Consideration: $800,000

Comments: Two story mixed use building located five blocks south of the subject in Pelham, south of the train station. Property has no parking. Mix of retail medical and professional office users and is in average condition.

Price/SF: $211.53

Property Appraisal Services

Comparable Sale #3

Location: 23 Harrison Boulevard West Harrison, Westchester County NY

Sale Date: 5/06/2013

Sec/Block/Lot: 0.836/0/ 33

Grantor: 23 Harrison Blvd LLC
Grantee: M. Jody

Building Data:

Type:	Two-story mixed retail/apt. building
Age:	1913
Lot Size:	2,797 SF
Building Size:	2,800 SF

Consideration: $524,000

Comments: Two story and basement, retail building located in the business district of West Harrison reflecting an average retail appeal. The improvement has a deli and one, 1 bedroom on the first floor and a three bedroom unit on the second floor, no off street parking.

Price/SF: $187.34

Property Appraisal Services

Comparable Sale #4

Location: 545 Halstead Avenue
Mamaroneck, Westchester County NY

Sale Date: 05/03/2011

Sec/Block/Lot: 154.34/1/32

Grantor: J. Leone
Grantee: Halstead Ave. Corp.

Building Data:

Type:	Two story apt/retail building
Age:	1920 years
Lot Size:	2,500 SF
Building Size:	3,470 SF

Consideration: $550,000

Comments: Two story and basement, retail building with two 2 bedroom apartments and one grade level store reflecting average condition. Located five blocks north of Mamaroneck Avenue within the center of town. No off-street parking. Reported Gross Annual Income $63,900; GIM 8.61; estimated expenses $32,500; cap rate: 5.91%

Price/SF: $158.50

Property Appraisal Services

Comparable Sale #5

Location: 100 Main Street
Dobbs Ferry, NY

Sale Date: 6/12/13

Identification: [redacted]8-44-8

Grantor: V. Destaso
Grantee: The Adelle Sutton

Consideration: $840,000

Financing: None

Building Data:

Type:	3 Story Retail/apt Building
Age:	1925
Building Size:	4,752 SF
Lot Size:	5,000 SF

Comments: Three story retail building located on Dobbs Ferry's' main commercial street north of the Commuter Train Station. The improvement is in Average condition has no street parking with Two retail storefronts and two luxury loft-type three bedroom, 2 bath apartments. Reported annual income was $100,800 per annum sold at an 8.33 GIM.

Price/SF: $176.77

Property
Appraisal
Services

MARKET DATA ADJUSTMENTS

The adjusted data revealed a range of $142.65 to $194.45/sq.ft. with mean of $175.49/sq.ft. The comparables exhibit a wide, due to the diversity of the product involved. The adjustments were calculated as follows:

Interest Conveyed: All sales reflected a leased fee interest transfer. As it is not possible to ascertain the lease terms for all of the property tenants, all leases are assumed to be close to market, therefore no adjustments were necessary.

Financing: Typical of properties in this area, some of the transactions were for cash to the seller, with others for cash over an existing or new mortgage. No unusual conditions that could influence the price were reported during the confirmation process; therefore no cash equivalency calculation was necessary.

Time: All of the sales occurred between 2011 and 2013, a period of a slow growth hence no adjustment for changes in market conditions was felt to be necessary as sales have occurred during a time close enough to the date of the appraisal not to require an adjustment.

Location: The subject has a good location in that it is located in a desirable section of Pelham on a commercial strip. One of the sales are located in the Village of Pelham, and has office and retail space. Sales #1 required directional positive adjustments reflecting the rental weakness of its address.

Condition/quality: The subject reflects average condition (assumed). It must be remembered that this category is quite subjective, it not only is reflective of Physical Condition but the quality or class of the improvement. This becomes problematic when the lack of sales results in diversified group of improvements such as exist here. The adjustments were kept within 5-10% and are directional. Sale 2 received a negative adjustment recognizing that office space leases from 5% to 10% higher on a square basis than residential space.

Parking: Adjustment made to reflect the presence or absence of parking on a site or the degree of same in comparison to that of the subject.

Size: Adjustments were made to compensate for size differences (based on GBA), as price per unit varies inversely with size.

Property Appraisal Services

All of the comparables are located in Westchester County. As Pelham is mostly improved with residential structures and small multi-use buildings rather that larger, general purpose office or retail buildings, there have been no transfers reported of similar sized mixed use property within the last 3 years. The two most recent sales focusing on location was that of 11 Seven Street, a one and two story office building two blocks west of the subject. It sold for $1,250,000 or $147.59 in June of 2012 and was delivered vacant. The second sale was of a three story seven unit apartment building that sold in June of 2013 for $1,075,99 or $331.79 per square foot. The building was located at 106 Fourth Avenue, three blocks south west of the site. Therefore it was necessary to extend the search to a larger geographic area on a County-Wide basis. The comparables indicate a wide range, considering their differences in product, size, age and location.

Placing the most emphasis on the most recent sales, and considering the subject's condition and location, I have estimated the subject's value to be $170.00 per square foot based on the gross square footage, this lies near the reflected measure of central tendency.

After considering the above data, the subject's size, and office use, in light of this report as well as the quality of the data, it was felt that a value near the unit of central tendency was reflected. Thus:

4,720 SF x $170.00/SF =	$802,400
VALUE VIA THE MARKET APPROACH	**$800,000**

Property Appraisal Services

INCOME APPROACH

Income producing properties are typically purchased for investment purposes, and from the investor's point of view, earning power is the critical element that affects the property's value. One essential investment premise is that the higher the earnings, the higher the value. The investor who purchases income producing real estate is trading present dollars for the right to receive future income.

The Income Approach converts the property's capacity to produce income into an indication as to the property's present value. With this analysis, a projection as to the income and expenses for the subject property is formulated to arrive at a net operating income for the year. This net income is then discounted to arrive at the Present Value of the property. The Present Value is equal to the indicated value by the Income Approach, as it is the present value of future income streams.

The first step in this process is to establish the Potential Gross Income, market driven Vacancy Rate, and the Operating Expenses for the base year. **In the case of the subject, market rents were used.**

The assembling and processing of the income and expense data generally involves the following steps:

1. Analysis of potential income from all sources in conjunction with a survey of the area's rental rates and occupancy trends.
2. Estimate all operating expenses and other charges based upon actual property history and expenses of known comparable properties.
3. The development of a Capitalization Rate incorporating information from alternative investment sources and accounting for mortgage financing.

Property Appraisal Services

RENTAL ANALYSIS

The subject is tenant occupied, but no income data was provided. A search was made for comparable apartments in proximity to the subject property, in order to support the current rental income. Sixteen rental comparables, in five similar buildings were found within a few blocks of the subject property, located in the immediate and competing neighborhoods. The units were compared to the subject as to location, appeal, and amenities. These 16 comparables have been provided to support the subject's contracted rents. The comparables are detailed on the following pages. They range as follows:

	Low	High	Mean
One Bedroom Comparables ($/Unit):	$1,200	$1,475	$1,327
Two Bedroom Comparables ($/Unit):	$1,450	$1,700	$1,591

The comparables provided represent non-regulated stabilized rents found in similar buildings in the immediate area. The subject exhibits a combined average rent (3 Apts/10 Rooms) of $400.00 per room and $1,333.33 per apartment, per month from previous rent roll two years old. . These values fall into the range as demonstrated by the comparables.

Comparable Rents - Residential

#	Address	Apt Type	# of Rooms	Rent Month.	Rent Room
1	299 Wolf's Lane	1 Br	3.0	$1,200.00	$400.00
2	232 Fifth Avenue	2 Br	4.5	$1,650.00	$366.67
3	309-315 Fifth Avenue	1 Br	3.0	$1,150.00	$316.67
4		1 Br	3.0	$1,200.00	$333.33
5	300-306 Fifth Ave.	1 Br	3.0	$1,340.00	$446.67
6		1Br	3.0	$1,250.00	$416.47
7	106 Fourth Avenue	1 Br	3.0	$1,475.00	$491.67
8	153 Fifth Avenue	1 Br	3.5	$1,550.00	$328.57
9	88 Lincoln Avenue 2F	1 Br	3.5	$1,450.00	$414.29
10	4782 Boston PR C3N	1 Br	3.0	$1,400.00	$466.67
11	20-30 Fifth Ave. Pelham	2 Br	4.0	$1,650.00	$412.50
12	305 Sixth Avenue	2 Br	4.5	$1,450.00	$332.22
13	914 Wynnewood Road	1 BR	3.5	$1,300.00	$371.43
14		2 Br	4.5	$1,700.00	$377.78
15	440 Sixth Avenue.	1 Br	3.0	$1,250.00	$416.67
16		2 Br	4.5	$1,500.00	$333.00
17	88 Lincoln Ave.	1 Br	3.0	$1,260.00	$420.00
18	520 Fourth Avenue	2 Br	4.0	$1,595.00	$398.75

The foregoing comparables rental represent typical multi-family residential buildings in the area and the units were compared to the subject as to location, condition and amenity level.

Since no rent roll was provided the rent for one bedroom unit was estimated at $1,250 per month ($416/rm) and $1,500 per month ($375/rm) for the two bedroom unit.

Property Appraisal Services

RENTAL ANALYSIS – Retail

An investigation in the field was made to uncover rental data on similar type buildings proximate to the subject, in order to estimate market rent for the subject's units, as no rents were provided. A search was made for comparable retail space in proximity to the subject property, in order to project market rental income for the subject space, and support the contracted rents the subject is currently achieving. The units were compared to the subject as to location, appeal, and amenities. These comparables have been provided to support the subject's actual rental value. The comparables are detailed on the following pages.

The comparables provided represent a mix of four leases in two buildings on Fifth Avenue in Pelham, several grade level retail spaces in Hartsdale and the White Plains retail market. Variations in rental prices are due to location, quality of space, lease terms, and the size of the space. They range as follows:

	Low	High	Mean
Office ($/SF):	$25.79	$41.25	$31.54

Presently the subject's retail space is 100% occupied (rent unknown).

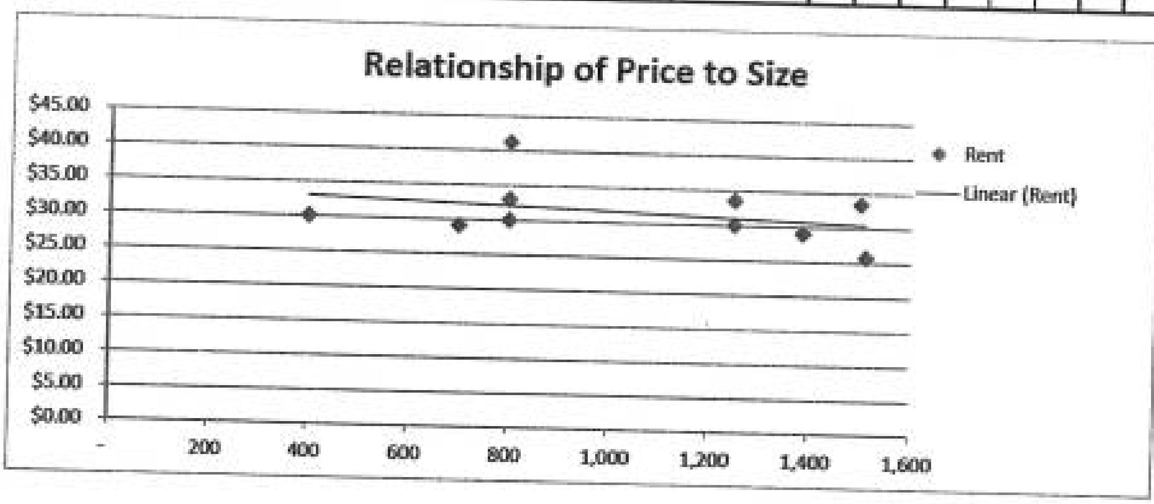
Most leases require the tenant to pay for increases in taxes and CAM over the base year and are directly metered for electric. **No credit was given for tax pass throughs as the current lease was not presented.** Considering the subject's location, its condition, and size (smaller properties rent for higher $/SF), I have determined that the subject can achieve a market rent of $30 for its retail space (no pass-throughs charged).

A search was made for comparable rents in proximity to the subject property, in order to support and project rental income. Two true comparables were found in Pelham. They are one story retail buildings four blocks south of the subject on Fifth Avenue between Second and Fourth Streets. The remaining retail space in the area consists of small stores on grade level in office or former industrial buildings such as 438 Fifth Avenue which has offices on Fifth Avenue. The leases reflect retail rents to be between $26 and $41 per square foot for space in the most comparable properties for space between 400 and 1,040+square feet located in Pelham. The comparables out of the area were limited to Hartsdale and White Plains, the location of which reflect similar dynamics as found in Pelham. Since not leases were forthcoming the market rent was estimated at $30/SF and applied to the grade level space. The Retail market has been struggling in this area and vacancies are noticeable. In these recessionary times, however this is offset by the lack of modern retail space in this area.

Property Appraisal Services

Retail Rent Survey

#	Address	City	Building Size	Year Built	Floor	Unit Size	Rent	Condition	Amenities: Security	Amenities: Parking	Amenities: Other	Tenant Paid: Heat	Tenant Paid: A/C	Tenant Paid: Cleaning	Tenant Paid: Electric	Tenant Paid: CAM	Tenant Paid: RE Taxes
1	28 N Central Ave	Hartsdale	3,400	1960	Grade	800	$30.00	Average									
2	2-16 N Central Av	Hartsdale	8,780	1950	Grade	700	$29.14	Average									
3	124-128 Fifth Ave	Pelham	2,500	1981	Grade	1,250	$33.60	Average									
4		Pelham	2,500	1981	Grade	1,250	$30.05										
5	231 Fifth Avenue	Pelham	2,000	1981	Grade	400	$30.05	Average									
6	44 N Central Ave	Hartsdale	2,132	1950	Grade	800	$33.00	Average									
7	120 E Post Rd	White Plains	6,908	1940	Grade	1,500	$33.44	Average									
8	132 136 Fifth Ave	Pelham	5,884	1981	Grade	1,512	$25.79	Average									
9		Pelham	5,884	1981	Grade	1,386	$29.09	Average									
10	156 Fifth Ave	Pelham	2,400	1981	Grade	800	$41.25	Average									
		Minimum	2,000			400	$25.79										
		Average	4,239			1,040	$31.54										
		Maximum	8,780			1,512	$41.25										



Property Appraisal Services

ANALYSIS OF ESTIMATED INCOME & EXPENSES

The estimate of income and expenses provided in this appraisal represents an analysis of projected operations for the coming years. Expenses are based on comparative as well as historical costs.

Income Projection:

Rents: The appraiser used estimated market rents to determine potential gross income by applying market rent; the space of both categories, as if they were vacant. Based on the preceding analysis of comparable commercial rents and the quality of space within the building, the appraiser concluded that a market rent of $30.00/SF could conservatively be achieved as this estimate falls towards the middle of the range. The same process was applied to the residential rents

Vacancy and Collection Loss:

The subject is currently assumed to be 100% occupied but the surrounding properties exhibit and vacancies of between 5% and 10%. It well to note that new renovated stores reflect a higher rate of occupancy. Therefore we have applied a conservative 10% vacancy factor for the subject's retail space and 5% for the residential space, in accordance with the aforementioned market surveys. The vacancy factor is market driven, however determinants such as management also affect this factor.

Explanation Of Expenses

Typical deductions from calculated effective gross income was considered.

Property Appraisal

Projected Income & Expenses

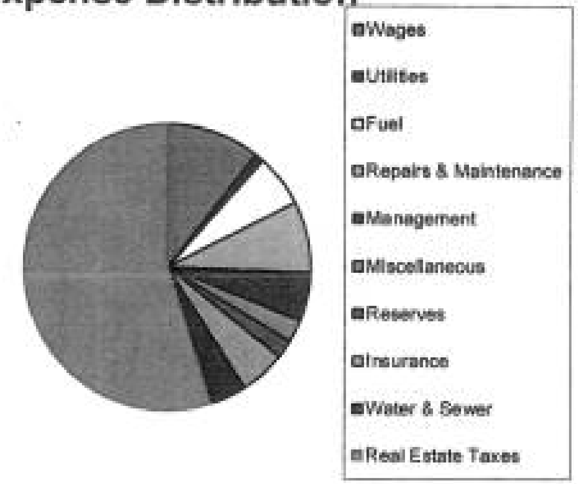
600 Fifth Avenue Pelham,NY

Rental Schedule Estimated As Of August 2013

		NRA						$/SF
Retail Income	Retail rent	2,360	SF @ $30.00	per SF			$70,800	
	Pass-thru	2,360	SF @ $0.00	per SF			$0	
	Actual Leased Income						$70,800	
	Less Vacancy & Collection Loss @					10.00%	($7,080)	
	EFFECTIVE LEASED INCOME						$63,720	
Apartment Income	Apt 1	1 BR	3.0 rms	$416.67	per room		$15,000	
	Apt 1	1 BR	3.0 rms	$416.67	per room		$15,000	
	Apt 1	1 BR	4.0 rms	$375.00	per room		$18,000	
	Total						$48,000	
	Less Vacancy & Collection Loss @					5.00%	($2,400)	
	EFFECTIVE LEASED INCOME						$45,600	
	EFFECTIVE GROSS INCOME						**$109,320**	
	EXPENSES							
Operating Expenses	Wages						$6,240	$1.32
	Utilities						$600	$0.13
	Fuel						$3,500	$0.74
	Repairs & Maintenance						$4,700	$1.00
	Management and Leasing					3.0%	$3,280	$0.69
	Miscellaneous						$1,500	$0.32
	Reserves for Replacements						$1,250	$0.26
	TOTAL OPERATING EXPENSES						$21,070	$4.46
Fixed Expenses	Insurance						$3,000	$0.64
	Water & Sewer						$2,500	$0.53
	Real Estate Taxes				29.70% of EGI		$32,465	$6.88
	TOTAL FIXED EXPENSES						$37,965	$8.04
	TOTAL EXPENSES				54.00% of EGI		**$59,035**	$12.51
	NET OPERATING INCOME						**$50,285**	
$50,285	*Capitalized @*					6.25% =	$804,566	
				ROUNDED			**$800,000**	

$169.49	per SF	6.73	GIM

Expense Distribution



Property Appraisal Services

OPERATING EXPENSES

Wages: In a small multi-leased retail building, the owner occupant or one of the tenants would absorb all cost associated with the operation of all leased areas. However we feel a part-time Super would be required and a salary of $6,240 was estimated as there is no room for a free residence.

Utilities: A tenant or tenants are required to pay for their own electric use and all spaces are metered. Since there is small public areas this cost is minimal.

Fuel: Gas heat, included in above rent for the commercial space but not apartments. A charge $350 per room was estimated.

Building Maintenance: $4,700 or $1.00/SF. The tenant or tenants would responsible for all maintenance within their respective spaces, but the owner is responsible for structural and exterior maintenance.

Replacement Reserves: $1,250; reserve for replacement category is a "hidden" expense of ownership which is not normally seen on an expense statement. However, reserve funds should be set aside in managing of building of this age for the ultimate replacement of such short lived items as the roof, mechanical fixtures, etc.. The reason for this account is that these items have a shorter economic life than the structure itself.

Management: The Management fee is that fee paid to an outside agent for managing the building's operation. The appraisers consulted several property management firms and were advised that 2 to 5% (3% used) of the effective gross income was usually contracted. This percentage was determined based upon the size and complexity of the property.

Property Appraisal Services

FIXED EXPENSES

Insurance: $3,000; Insurance costs are based on reported costs, industry averages as well as comparables appearing later on in the report.

Water/Sewer: Sewer included in taxes, water estimated at $2,500 or $0.53/SF.

Real Estate Taxes: $32,465; See Assessment and Taxes section in this report. Actual taxes used. Assessor's value similar to this valuation.

Summary of Expenses: The subject's overall expenses reflect a reasonable estimation of anticipated costs and reserves. Total estimated expenses are $59,035 or 54% of Effective Gross Income.

Comparable expense ratios for smaller commercial properties range from 40% to 55%. Note: 30% of the expenses are Taxes. The subject's estimated expenses are in line with historical cost for similar type properties.

As detailed on the following *Income and Expense Projection* the

INCOME APPROACH CONCLUSION: $800,000

Property Appraisal Services

CAPITALIZATION RATE

Due to the fact that most properties are purchased with the combination of debt and equity capital, the return on investment component of the overall capitalization rate must satisfy the market return requirements of each investment position. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk, or they will not make the funds available. Equally, equity investors must anticipate a competitive dividend, or they will seek other investment vehicles.

The overall capitalization rate is determined from this band of investment, allocating the appropriate yield, and its percentage of the entire investment, to determine the overall capitalization rate.

Band of Investment: Mortgage Equity Yield Method

Loan to Value ratios:

Mortgage	65.00%
Equity	35.00%

Equity Dividend Rate	6.00%
Competitive Mortgage Interest Rate	4.25%
Mortgage Term in Years	25
Annual Mortgage Constant	0.0650

Component	Constant		Ratio		Weighted Rate
Mortgage	0.0650	x	65.00%	=	0.0423
Equity	0.0600	x	35.00%	=	0.0210

Overall Capitalization Rate = 0.0633

Say **6.25%**

Property
Appraisal
Services

CAPITALIZATION RATE

The purpose of the Capitalization Process is to convert future benefits that are anticipated from an investment into a present market value estimate. The Appraiser must ascertain current market yields and relate them to the subject property in light of physical characteristics (use, size, character, and location), income characteristics, and alternative investment vehicles and rates in the marketplace.

As real estate competes with investments in capital markets, bond and Treasury bills must also be considered. A sampling of these alternative investments as of the date of inspection is as follows:

Investment	Current Rate
Prime Rate	3.25%
Discount Rate	0.75%
Federal Fund	0.08%
6 Month T Bill	0.08%
BAA Corporate	5.44%
Tax Exempt Bond	4.80%

Rates of Return

In applying the income capitalization approach, an appraiser assumes that the investor's ultimate objective is a total return that exceeds the amount invested. Therefore, the investor's expected return consists of 1) full recovery of the amount invested (i.e., the return of capital), and 2) a profit or reward (i.e., a return on capital).[4]

Since the returns from real estate may be realized in a variety of forms, many rates, or measures of return, are used in capitalization. All rates of return can be categorized as either income rates or yield rates. The overall capitalization rate (R_O) and equity capitalization rate (R_E) (also called the cash flow rate or cash on cash return) are income rates. The interest rate (the rate of return on debt capital), discount rate (the rate used to convert future payments into present value), internal rate of return, and equity yield rate are yield rates.

[4] *The Appraisal of Real Estate, 13th Edition*, The Appraisal Institute

Property Appraisal Services

Income Rates

An income rate expresses the relationship between one year's income and the corresponding capital value of a property. Several types of income rates are discussed below. An overall capitalization rate (R_O) is an income rate for a total property that reflects the relationship between a single year's net operating income and the total property price or value; it is used to convert net operating income into an indication of overall property value. An overall capitalization rate is not a rate of return on capital or a full measure of investment performance. It may be more than, less than, or equal to the expected yield on the capital invested, depending on projected changes in income and value.

An equity capitalization rate (R_E) is an income rate that reflects the relationship between a single year's pre-tax cash flow, and the equity investment used to capitalize the subject property's pre-tax cash flow into equity value, the equity capitalization rate is often referred to in the real estate market as the cash on cash return. Like the overall capitalization rate, the equity capitalization rate is not a rate of return on capital; it may be more than, less than, or equal to the expected equity yield rate, depending on projected changes in income, value, and amortization of the loan.

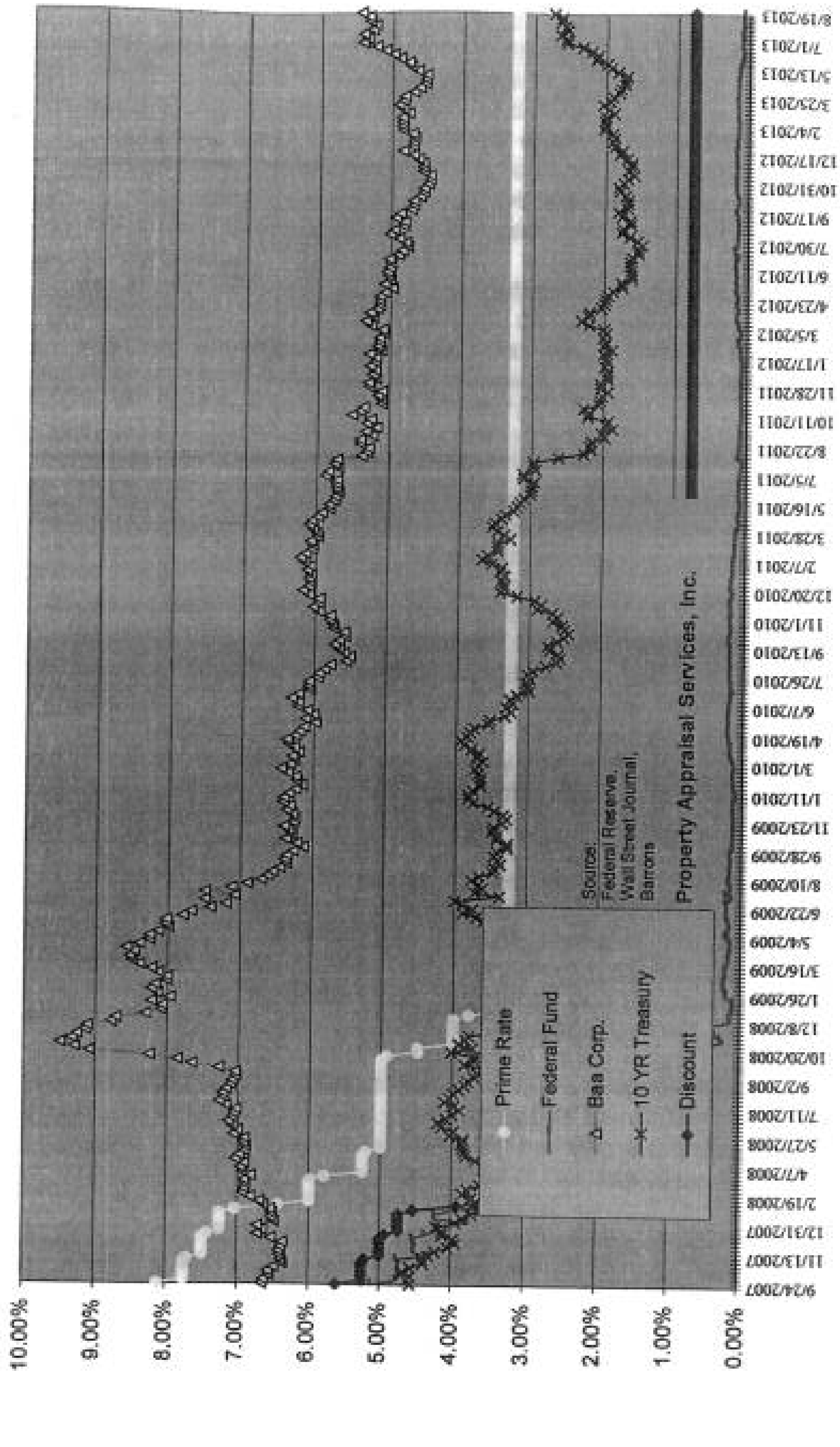
Yield Rates

A yield rate is a rate of return on capital, it is usually expressed as a compound annual percentage rate. The yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment. The term interest rate usually refers to the yield rate for debt capital, not equity capital. The rate is usually calculated with the income for the first year, although the income for the previous year may be used.

The internal rate of return for an investment is the yield rate that equates the present value of the future benefits of the investment to the amount of capital invested. The internal rate of return applies to all expected benefits, including the proceeds from resale at the termination of the investment it can be used to measure the return on any capital investment, before or after.

Property
Appraisal
Services

INTEREST RATES



Income Rates

An overall yield rate is a rate of return on the total capital invested. It takes into consideration changes in income over the investment holding period as well as the reversion at the end of the holding period it does not, however, consider the effect of debt financing; it is calculated as if the property were purchased with no debt capital. The overall yield rate can be viewed as the combined yield on both the debt and equity capital. Conceptually it is a weighted average of the equity yield rate, which is discussed below, and the mortgage yield, or mortgage interest, rate.

An equity yield rate is a rate of return on equity capital. It may be distinguished from a rate of return on debt capital, which is usually referred to as an interest rate. The equity yield rate is the equity investor's internal rate of return; it considers the effect of debt financing on the cash flow to the equity investor (equity dividend).

Return on and Return of Capital

The notion that an investor anticipates realizing a complete recovery of invested capital plus a payment for the use of capital prevails in the real estate market just as it does in other markets. The term return of capital refers to the recovery of invested capital; the term return, on capital refers to the additional amount received as compensation for use of the investor's capital until it is recaptured. Investors are concerned with both return of capital and return on capital. The rate of return on capital is analogous to the yield rate or the interest rate earned or expected.

In real estate investments, capital may be recaptured in many ways (The term recapture was coined at a time when investors assumed that property values could only decline due to depreciation from physical or functional causes. Today appraisers use the term when some income provision must be made to compensate for the loss of invested capital.) Investment capital may be recaptured through annual income or it may be recaptured all or in part through resale of the property at the termination of the investment. If the property value does not change between the time of the initial investment and the time the property is sold, the investor can recapture all the capital invested at its sale. Thus the annual income can all be attributed to the return of capital. In this case, the indicated income rate - i.e., the overall capitalization rate - is equal the return on capital. If, on the other hand, the property value is expected to decrease over time and the investor does not expect to recapture all of the original investment at the time of resale, some of the income stream must be used for the repayment of capital. In this case the rate of return on capital will be somewhat less than the indicated income rate (i.e., the overall capitalization rate in direct capitalization).

The difference between the rate of return on capital and the indicated capitalization rate will be the rate of return of capital The recapture rate is considered positive.

Finally, if the investor expects to receive more than the original investment at resale, the rate of return on capital is more than the indicated income rate; in this case the recapture rate appears to be negative because the annual income is not producing all of the expected return on capital.

In yield capitalization the distinction between the return on and the return of capital is always explicit. The discount rate estimated for cash flow yields a specified return on capital. Direct capitalization, on the other hand, uses income rates such as overall capitalization rates, which must implicitly allow for both the return on and return of capital. That is, when the capitalization rate is applied to the income of the subject property, the estimated present value must represent a price that would allow the investor to earn a market rate of return on, in addition to recapture of, the capital invested. Thus, the capitalization rate estimated and applied to value property must reflect the way that capital is expected to be recaptured.

Rate Estimation

Whether it is an income rate or a yield rate, the rate of return used to convert income into property value should represent the annual rate of return necessary to attract investment capital. This rate is influenced by many factors, including the degree of apparent risk, market attitudes toward future inflation, the prospective rates of return for alternative investments, the rates of return earned by comparable properties in the past, the supply of and demand for mortgage funds, and the availability of tax shelters. Because the rates of return used in the income capitalization approach represent prospective rates, not historical rates, the market's perception of risk and changes in purchasing power are particularly important. Generally, higher capitalization overall rates (Ro) are associated with less desirable properties, and lower overall capitalization rates with more attractive properties

The suitability of a particular rate of return cannot be proven with market evidence, but the rate estimated should be consistent with the data available. Rate estimation requires appraisal judgment and knowledge about prevailing market attitudes and economic indicators.

Property Appraisal Services

It is generally accepted that all investments are predicated on the expectation of receiving a return on capital that represents the time value of money with an appropriate adjustment for perceived risk. The concept of the time value of money underlies the accrual of interest on investments. The minimum rate of return on invested capital is sometimes referred to as the safe, risk-less, or relatively risk-less rate, the prevailing rate on insured savings accounts or guaranteed government bonds.

Theoretically the difference between the total rate of return on capital and the safe rate may be considered a premium to compensate the investor for risk, the burden of management, and the illiquidity of invested capital. Conceptually a discount rate may be developed with the built-up method, which involves adding together the four components in the rate, i.e., a basic safe or risk-less rate plus adjustments for risk, illiquidity, and management.

Risk

The anticipation of receiving future benefits creates value, but the possibility of losing future benefits detracts from value. Higher rewards are required in return for accepting larger risk. To a real estate investor, risk is the chance of incurring a financial loss and the uncertainty of realizing projected future benefits. Most investors try to avoid excessive risk; they prefer certainty to uncertainty and expect a reward in return for assuming a risk. Appraisers must recognize investors' attitudes in analyzing market evidence, projecting future benefits, and applying capitalization procedures. The appraiser must be satisfied that the income or yield rate used in capitalization is consistent with market evidence and reflects the level of risk associated with receiving the anticipated benefits.

A prospective investor in commercial real estate would consider all types of investment vehicles, as well as the advantages and disadvantages associated therewith. The Appraiser has considered all of the preceding in estimating the discount and terminal capitalization rates for the subject. It is my opinion that when employing the economic approach for evaluating real estate, the proper rates to be used is dependent primarily on what rates investors in the type and class of property require as a condition for their purchasing such property.

Property
Appraisal
Services

In establishing the proper capitalization rate, I have considered the returns from competing forms of investments. I have, in each instance, given weight to the comparable liquidity and risks involved. Among the competing investments are:

1. Mortgages.
2. Savings bank deposit guaranteed by agencies of the Federal Government.
3. High grade corporate bonds.
4. United States Government long term bonds.
5. Municipal bonds.

A study of the actual trend of yields in the above competing forms of investments indicates that, over the long term, there has been a progressive increase in returns. Experience has shown, however, that while there are periods when the yields of these investments have decreased, it has also shown that the general thrust over a protracted period of time has been upwards. It would follow, therefore, that prudent investors should anticipate that the rates will be higher in the years to come.

Treasury bond and note yields have been decreasing over the past 4 years, but are presently on an upswing. The more risky 30 year corporate bonds have also been increasing. Inflation has been slightly increasing during the same time periods, with present CPI increases forecasted at 1.5 to 2.5% annually. Short term trends are for the continued lower yields, and inflation rates and slow job and income growth. The capitalization process, which I have used, reflects careful consideration of these factors.

We utilized a band of investment with 65% LTV, 4.25% interest rate, 25 year amortization and 6.00% equity rate.

The subject property is located in a good area, however is too small to attract national or institutional investors. The Capitalization Rate forecasted (6.25%) is reflective of what is typically demanded in the local investment market.

Property Appraisal Services

RECONCILIATION

The purpose of this appraisal is to estimate the market value of the fee simple interest of the subject property. In the valuation process, we have considered the three approaches to value which have indicated the following estimates:

Sales Comparison Approach	**$800,000**
Income Approach	**$800,000**
Cost Approach	**Not Applicable**

The **Cost Approach** is predicated upon the depreciated replacement cost of the improvements, plus the estimate of land value derived from the market. The subject is an 80+ year old property. Estimates of physical, functional and external depreciation are, at best, an educated opinion, and this factor of subjectivity lessens the validity of the Cost Approach. Also, purchasers of property similar to the subject are most concerned with the potential use of the property, and not with replacement cost. Buyers and sellers in this market do not consider the Cost Approach indicative of value. In light of the preceding factors, the Cost Approach was not used to value the subject property.

The **Sales Comparison Approach** is predicated upon prices paid for similar type properties. This approach was affected by converting the sale prices into a price per square foot and a price per unit. After adjustments were made for the differences in location, date of sale, and other salient features, the adjusted unit's rates formed a range, which was then analyzed to yield an estimate of market value.

Our investigation into local transactions revealed five comparable sales upon which to base a value conclusion via this approach. All of the comparables are located similar in location, utility, and marketability. Smaller commercial properties of the subject type are most often purchased by an owner/users, rather than investors. Therefore the Sales Comparison Approach has received supportive weight in the final value reconciliation.

In the **Income Approach** to Value, we have considered comparable rentals of properties having generally similar characteristics to that of the subject, in order to support the contracted rent. From the Projected Gross Income, we deducted an appropriate vacancy factor and the expenses that are the responsibility of the landlord; in determining the Net Operating Income. This approach reflects directly the building specific items (NOI, PGI, etc.), and best simulates the method Investors use to evaluate opportunities. The subject's projected net income is achievable, and expected to remain consistent into the foreseeable future. The capitalization rate selected is of a conservative nature, reflecting the risks, real or perceived, in investing in a suburban location. Two of the sales have abstracted cap rates.

Property Appraisal Services

The Capitalization Rate has been developed utilizing current mortgage and equity derived requirements. In our determination of the subject's final value, we have given supporting weight to the Income Comparison Approach to Value. Basically because we have no leases. Properties of the subject type are typically not purchased by investors, seeking an income stream but by users wanting to occupy the property.

Final Opinion of Value

Based upon the examination and analyses presented above and our knowledge and experience as real estate appraisers and counselors, our estimation of the Market Value of the subject property as of August 20, 2013 is:

EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

Property Appraisal Services

CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of the report, and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person signing this report.

We have appraised this property in August of 2012 under the same conditions,

I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, I (R. Anastasio, MAI) have completed the requirements of the continuing education program of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to the value, the identity of the appraiser, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other means of communication without the prior consent and approval of the undersigned.

Richard J. Anastasio, MAI
NYS Certified General Appraiser #46-2882

Property Appraisal Services

ASSUMPTIONS & LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

An appraisal is not a survey:
It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted within the report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spacial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

An appraisal is not a legal opinion:
No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

An appraisal is not an engineering or property inspection report:
This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and is not a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior, walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only as no detailed inspection was made. For example, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any was mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Wells, septic, and sewer systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

Property Appraisal Services

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos, or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature which we believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We therefore rely on circumstantial evidence which may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel, or others. Parties interested in knowing the exact age of the improvements on the land should pursue additional investigation.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or any other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled persons may adversely affect the property's value, marketability, or utility.

Property Appraisal Services

An appraisal is made under conditions of uncertainty with limited data:
As can be seen from the limitations presented herein, this appraisal has been performed with a limited amount of data. Limitations result from a lack of certain areas of expertise by the appraiser (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser to view certain portions of the property, and the inherent limitations of relying upon information provided by others.

In addition, there is an economic constraint. The appraisal budget (and the fee for this appraisal) does not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will be most beneficial, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, architects, management agencies, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales and rental data relied upon in the appraisal is believed to be from reliable sources. Though all of the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use, nor made as part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to such limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection.

Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Property Appraisal Services

Appraisal report limitations:

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market.

Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

Appraisal restrictions:

This appraisal was prepared at the request of, and for the exclusive use of, the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearance and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client, and possession of this report, or a copy thereof, does not carry with it a right of publication or duplication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media or communication device without the written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of this appraisal report is incomplete or altered should contact our office.

Values and conclusions for various components of the subject parcel as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Property Appraisal Services

RICHARD J. ANASTASIO, **MAI**
QUALIFICATIONS
CERTIFIED REAL ESTATE APPRAISER

I have been continuously employed as a real estate appraiser since 1970. Experience includes staff appraisal positions in officer capacity, in major lending institutions and investment firms. I have appraised thousands of properties throughout the nation in my 40 year career.

MEMBERSHIPS and DESIGNATIONS:

American Institute of Real Estate Appraisers - **MAI**
New York Chapter # 4,No. 6259 (Currently Certified)

Bronx Board of Realtors

EDUCATION:

Master of Business Administration (MBA), 1970
City University, New York, NY

Master of Religious Studies, 2010
St. Joseph's College, Yonkers, NY

Bachelors Degree, 1962
Manhattan College, New York, NY

EXPERIENCE:

Appraising a wide variety of properties since 1970 including office buildings, hotels, shopping centers, apartments, industrial buildings, commercial properties, warehouses, and residential properties.

Appraisals have been made in the following states: Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Massachusetts, Minnesota, Ohio, Oklahoma, Pennsylvania, New Jersey, New York, North Carolina, Nebraska, Nevada, Rhode Island, Tennessee, Texas, Virginia, and Washington DC

EMPLOYMENT

Principal	Property Appraisal Services, Inc.
Director of Valuations	Prudential Securities, Inc.
Chief Appraiser	Douglas Elliman
Appraisal Officer	Bankers Trust
Staff Appraiser	Chase Manhattan Bank

Adjunct Professor of Real Estate - Farleigh Dickinson University.

CERTIFICATION

New York Certified General Appraiser #46-2882
Connecticut Certified General Appraiser #CG25
New Jersey Certified General Appraiser #RG00866
Massachusetts Certified General Appraiser #3913

The Appraisal Institute conducts a program of continuous education for designated members. As of this date, Richard J. Anastasio has completed the requirements under the continuing education program of the Appraisal Institute.

UNIQUE ID NUMBER
46000002882

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 2535

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS

EFFECTIVE DATE
MO. 11 DAY 19 YR. 11

ANASTASIO RICHARD J
C/O PROPERTY APPRAISAL SERVICE
261 CITY ISLAND AVE
BRONX, NY 10464

EXPIRATION DATE
MO. 11 DAY 18 YR. 13

VOID

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.
CESAR A. PERALES
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

Property Appraisal Services

ADDENDA

Property Appraisal Services

Insurable Value Estimate

The primary step in estimating insurable value involves an estimation of the replacement cost of the subject, as if new. The analysis is based on current labor, material, and indirect costs. For the purpose of this report, The Comparative Method of estimating current costs was utilized. This technique employs the comparison of structures which are similar in size and quality and is based on unit cost figures applicable to gross building dimensions. The source of this data is the current edition of the Marshall and Swift Service, which is published periodically by the Marshall and Swift Company. This service is available to subscribers, and widely used by appraisers and cost estimators throughout the nation.

Property Location	600 Fifth Avenue Pelham, NY

M & S: Section 13 page 26

Building Data	Occupancy Type:	Retail
	Building Class:	"C" Masonry
	Quality:	Good
	Building Height:	2 Story
	Building Area:	4,720 SF
	Basement Area:	2,360 SF
	Base Sq. Ft. Cost	$91.29
	Basement Base Sq. Ft. Cost	$28.48

Multiplier Refinements	Current Cost	1.070
	Height Multiplier	1.000
	Perimeter Multiplier	1.000
	Local Cost Multiplier	1.300
	Combined	**1.391**

Adjusted $/SF	**Building**	$126.98
	Basement	$39.62

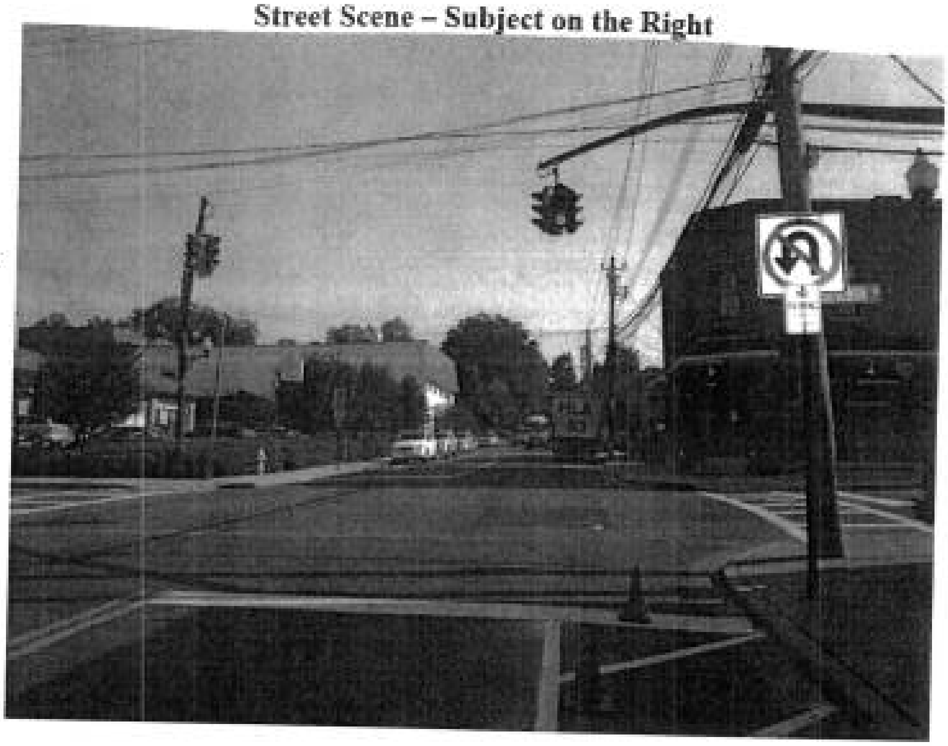
Cost Estimate	Building 4,720 SF X $126.98 per SF =	$599,366
	Basement 2,360 SF X $39.62 per SF =	$93,493
	Paving/Curbing	$50,000
	Total Hard Costs	$742,859
	Entrepreneurial Profit 12%	$89,143
Total Replacement Costs		$832,002

Insurable Value (80% of RCN)rnd. **$665,000**

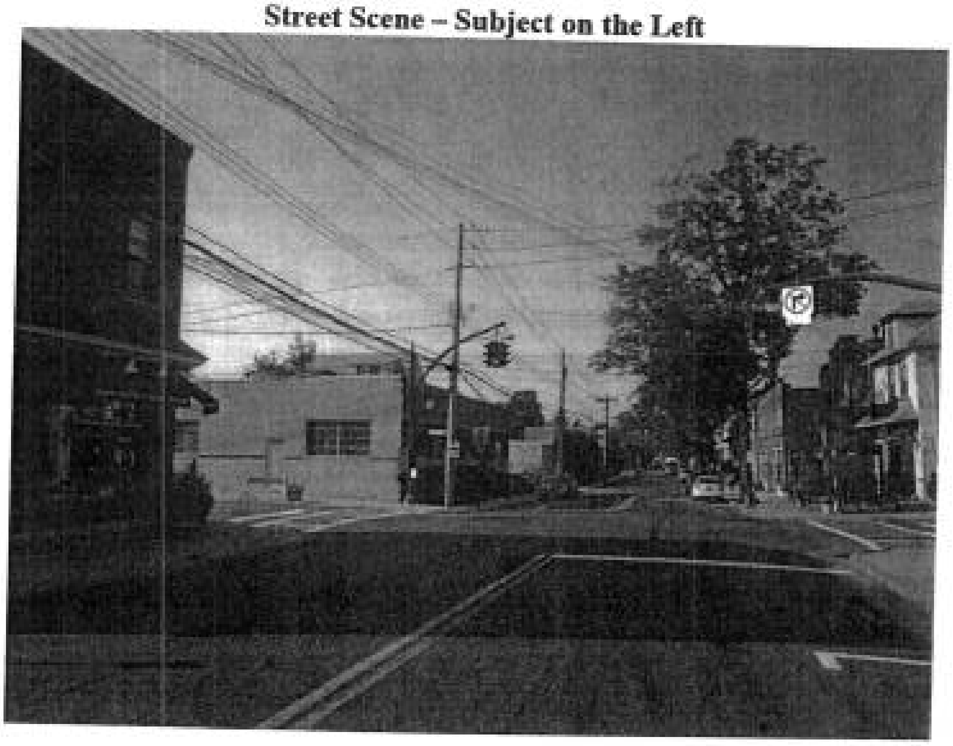
Property Appraisal Services

Subject Property Photographs
600 Fifth Ave
New Rochelle, New York

Street Scene – Subject on the Right



Street Scene – Subject on the Left



Property
Appraisal
Services

Subject Property Photographs
600 Fifth Ave
New Rochelle, New York

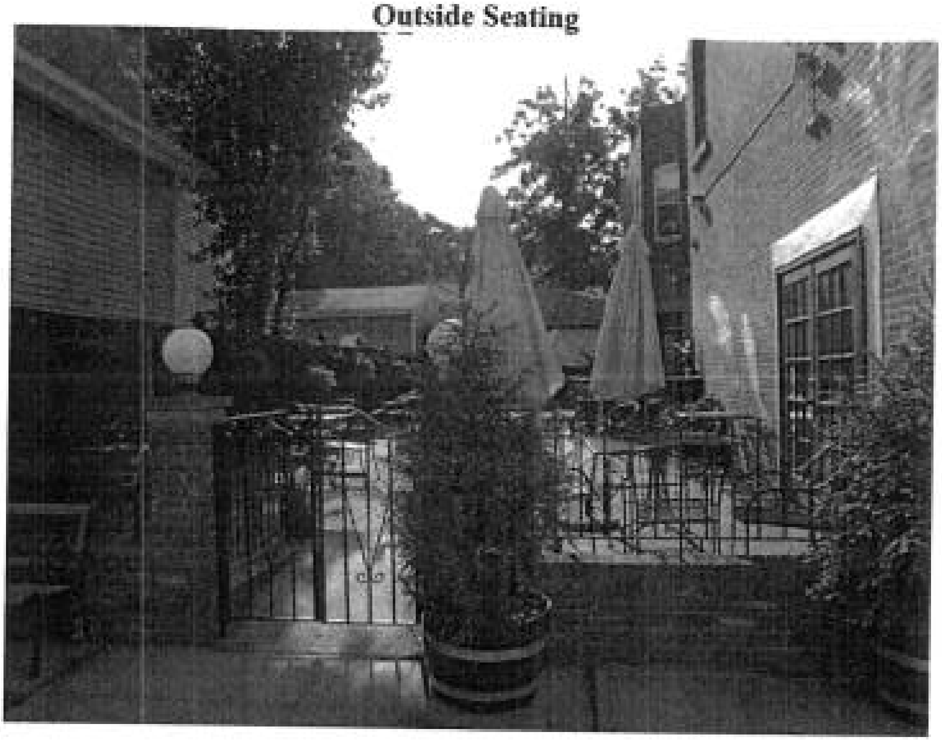
Interior

Interior

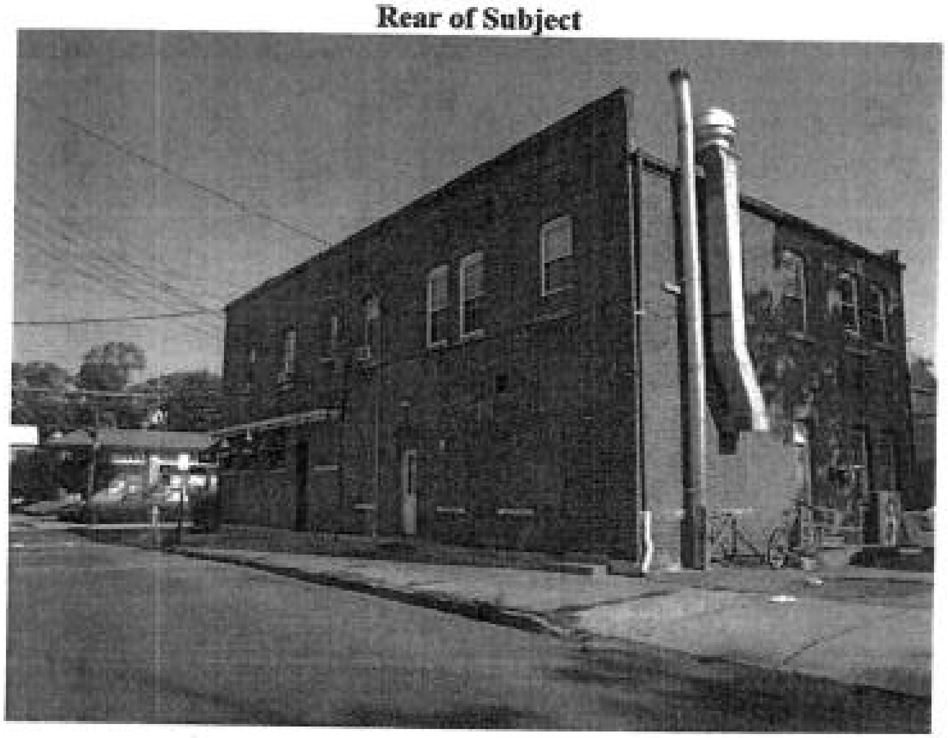
Property Appraisal Services

Subject Property Photographs
600 Fifth Ave
New Rochelle, New York

Outside Seating



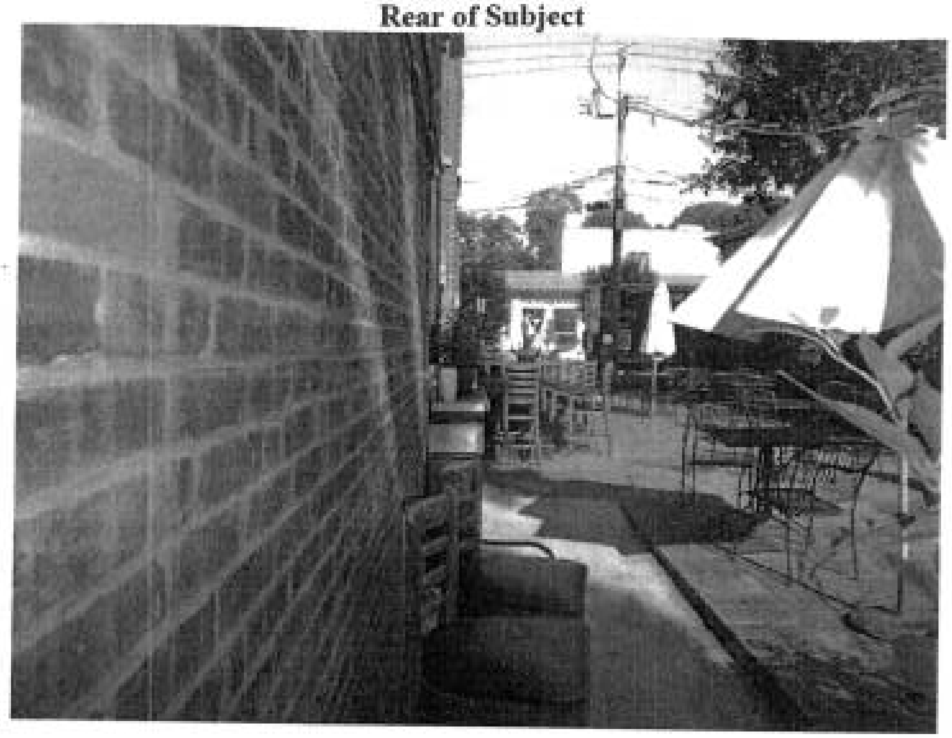
Rear of Subject



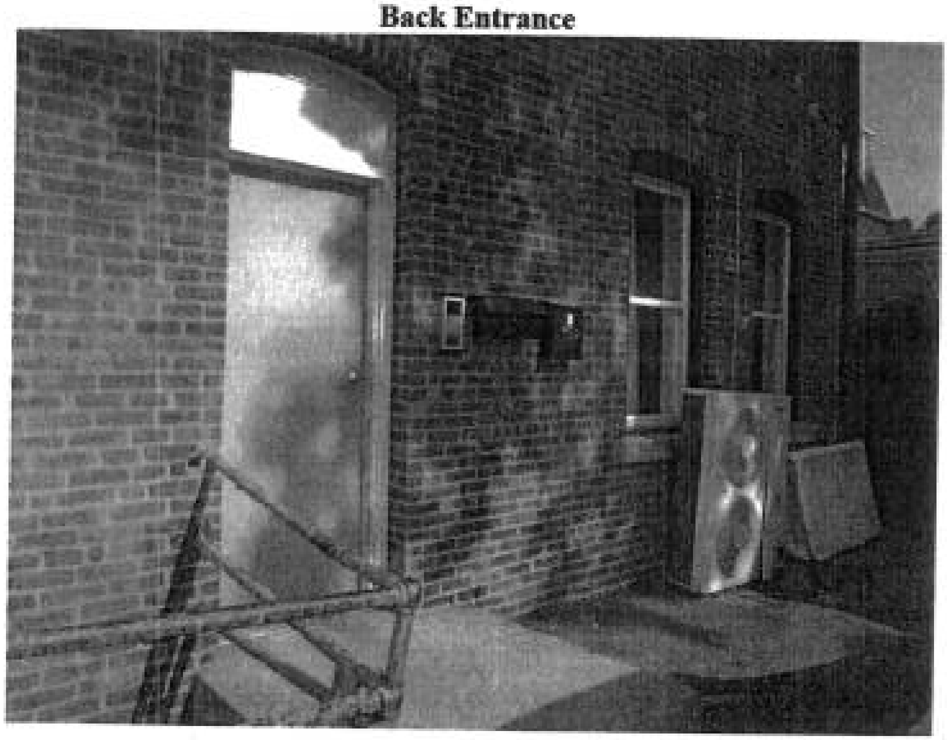
Property Appraisal Services

Subject Property Photographs
600 Fifth Ave
New Rochelle, New York

Rear of Subject



Back Entrance



Property Appraisal Services

FLOOD MAP